

OMRON

FY2024 Q3
Financial Results

February 10, 2025
OMRON Corporation

Summary

● FY2024 Q3 Results

- Consolidated sales were at last year's level for the same period, however, profits increased significantly due to improved gross profit margins and efficient fixed costs
- IAB saw a recovery in performance, while HCB and DMB remained sluggish due to the stagnant market
- Q3 cumulative consolidated results returned to Y/Y growth, with operating income increasing by 35% Y/Y

● FY2024 Full-year Forecasts

- Full-year forecasts revised up for operating income and net income from the previous forecast
- While the uncertain business environment for each business has been factored into the forecast, fixed cost plans have been reexamined and reflected in the forecast
- In particular, IAB has revised up sales and operating income, leading OMRON's overall performance
- DPS guidance for fiscal year-end of ¥52 reiterated. Initial full-year dividend guidance of ¥104 maintained

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1. FY2024 Q3 Results

Q3 Consolidated Results

Sales at last year's level for the same period.
Operating income and net income increased significantly

(¥bn)

	FY2023 Q3 Actual	FY2024 Q3 Actual	Y/Y
Net Sales	207.3	205.1	-1.1%
Gross Profit (%)	86.1 (41.5%)	91.7 (44.7%)	+6.5% (+3.2%pt)
Operating Income (%)	5.9 (2.9%)	16.7 (8.1%)	+181.6% (+5.3%pt)
Net Income attributable to OMRON shareholders	1.8	10.5	+493.8%
Average USD rate (JPY)	148.7	149.0	+0.3
Average EUR rate (JPY)	159.4	161.8	+2.4
Average CNY rate (JPY)	20.5	20.9	+0.4

Q3 Results by Segment

Sales and profits up Y/Y at IAB.

Sales and profits down Y/Y at HCB,SSB and DMB

	Sales			Operating income (¥bn)		
	FY2023 Q3 Actual	FY2024 Q3 Actual	Y/Y	FY2023 Q3 Actual	FY2024 Q3 Actual	Y/Y
IAB Industrial Automation	91.5	91.5	+0.1%	0.9 (1.0%)*1	11.2 (12.3%)	+1183.0% (+11.3%pt)
HCB Healthcare	42.7	38.7	-9.4%	6.8 (15.9%)	5.5 (14.1%)	-19.6% (-1.8%pt)
SSB Social Systems, Solutions & Service	37.2	35.9	-3.4%	4.2 (11.3%)	3.9 (10.7%)	-8.3% (-0.6%pt)
DMB Device & Module Solutions	27.4	27.1	-1.1%	0.5 (1.7%)	0.1 (0.3%)	-83.7% (-1.4%pt)
DSB Data Solutions *2	7.4	11.3	- *3	0.6 (8.1%)	1.3 (11.8%)	- -
Include JMDC	7.4	11.4	-	2.2 (29.3%)	2.5 (22.0%)	- -
Eliminations & Corporate	1.3	0.5	-59.5%	-7.0	-5.3	-
Total	207.3	205.1	-1.1%	5.9 (2.9%)	16.7 (8.1%)	+181.6% (+5.3%pt)

*1. Figures shown in brackets under OP are OPMs.

*2. DSB includes the financial results of JMDC, consolidation adjustments (the amortization of intangible assets other than goodwill associated with the consolidation, etc.) and other financial figures related to data business.

*3. JMDC became a consolidated subsidiary on October 16, 2023; Y/Y comparisons are not valid and therefore not displayed.

Q3 Cumulative Consolidated Results

Operating income returned to Y/Y increase

(¥bn)

	FY2023 Q1-Q3 Act.	FY2024 Q1-Q3 Act.	Y/Y
Net Sales	608.0	579.7	-4.7%
Gross Profit	258.2	261.7	+1.4%
(%)	(42.5%)	(45.1%)	(+2.7%pt)
Operating Income	26.6	35.9	+35.1%
(%)	(4.4%)	(6.2%)	(+1.8%pt)
Net Income attributable to OMRON shareholders	7.8	7.2[*]	-8.5%
Average USD rate (JPY)	142.9	152.1	+9.3
Average EUR rate (JPY)	155.0	164.8	+9.8
Average CNY rate (JPY)	20.0	21.1	+1.2

*Structural reform expenses of ¥21.2 bn is recorded as one-time expenses associated with optimizing personnel numbers and capabilities.

2. FY2024 Full-year Forecasts

Q4 Operating Environment

Degree of recovery in demand for each business is expected to remain moderate compared to the previous forecast

<p>IAB Industrial Automation</p>	<p>Overall, gradual recovery in demand is expected. Semiconductor industry is strong, while EV is slower than the previous forecast *Details on later pages</p>
<p>HCB Healthcare</p>	<p>Chinese market remains sluggish as previously forecast. Other areas remain strong. Cardiovascular: Although moderate growth is expected globally, personal consumption in China remains sluggish, and the shift to lower-priced products continues Respiratory: Nebulizers continue to be affected by the backlash from the special demand for respiratory diseases in China, remaining weaker than previously forecast</p>
<p>SSB Social Systems, Solutions & Service</p>	<p>As previously forecast, the business environment is generally strong. Energy: Although measures to mitigate sudden changes in electricity rates continue, demand for renewable energy in the residential sector is growing slowly as expected thanks to subsidies Railway industry: As previously forecast, the industry is strong due to continued capital investment demand from railway companies</p>
<p>DMB Device & Module Solutions</p>	<p>The North American market is sluggish, not recovering as much as previously forecast. DC Equipment/Microwave Devices: performing well due to the expansion of the semiconductor market as previously forecast Commodity Devices: China is performing well, but Europe is stagnant. Demand in the Americas is sluggish, not expected to recover as much as previously forecast</p>
<p>DSB Data Solutions</p>	<p>The business environment is generally strong, especially in the health big data business. JMDC: The movement towards utilizing medical data is strong, especially in the pharmaceutical and life and non-life insurance industries Demand for services for insurers and consumers is growing due to growing social awareness of health and prevention</p>

Full-year Consolidated Forecasts

Sales forecast to remain unchanged, while operating income and net income forecasts to be revised upward

(¥bn)

	FY2024 Previous Forecast	FY2024 Forecast	Vs. Prev. Forecast	FY2023 Actual	Y/Y
Net Sales	805.0	805.0	-	818.8	-1.7%
Gross Profit	363.0	363.0	-	346.5	+4.8%
(%)	(45.1%)	(45.1%)	-	(42.3%)	(+2.8%pt)
Operating Income	52.0	54.0	+3.8%	34.3	+57.2%
(%)	(6.5%)	(6.7%)	(+0.2%pt)	(4.2%)	(+2.5%pt)
Net Income attributable to OMRON shareholders	11.0	12.5 [*]	+13.6%	8.1	+54.2%
ROE	Approx. 1%	Approx. 1%	-	1.1%	-
ROIC	Approx. 1%	Approx. 1%	-	1.0%	-
EPS (JPY)	55.87	63.48	+7.62	41.17	+22.31
Average USD rate (JPY)	149.4	152.9	+3.5	143.9	+9.0
Average EUR rate (JPY)	160.6	163.6	+2.9	156.3	+7.3
Average CNY rate (JPY)	20.6	21.1	+0.5	20.1	+1.0

*Structural reform expenses of approximately ¥22.0 bn is recorded as one-time expenses associated with optimizing personnel numbers and capabilities.

Full-year Forecasts by Segment

IAB revised up for sales and profits. HCB revised down for sales and profits. SSB revised down for sales. DMB revised down for profits

	Sales				Operating income (¥bn)			
	FY2024 Prev. Forecast	FY2024 Forecast	Chg. vs. Prev. FCST	Y/Y	FY2023 Prev. Forecast	FY2024 Forecast	Chg. vs. Prev. FCST	Y/Y
IAB Industrial Automation	358.0	362.0	+1.1%	-8.0%	36.0 (10.1%)*1	39.0 (10.8%)	+8.3% (+0.7%pt)	+81.7% (+5.3%pt)
HCB Healthcare	152.0	149.0	-2.0%	-0.5%	18.5 (12.2%)	17.5 (11.7%)	-5.4% (-0.4%pt)	-5.2% (-0.6%pt)
SSB Social Systems, Solutions & Service	146.0	144.5	-1.0%	+2.0%	16.5 (11.3%)	16.5 (11.4%)	- (+0.1%pt)	+17.7% (+1.5%pt)
DMB Device & Module Solutions	105.0	105.0	-	-8.2%	1.5 (1.4%)	0.5 (0.5%)	-66.7% (-1.0%pt)	-84.1% (-2.3%pt)
DSB Data Solutions *2	43.0	43.0	-	-*3	3.5 (8.1%)	3.5 (8.1%)	-	-
Include JMDC	43.0	43.0	-	-	9.3 (21.6%)	9.3 (21.6%)	-	-
Eliminations & Corporate	1.0	1.5	+50.0%	-32.0%	-24.0	-23.0	-	-
Total	805.0	805.0	-	-1.7%	52.0 (6.5%)	54.0 (6.7%)	+3.8% (+0.2%pt)	+57.2% (+2.5%pt)

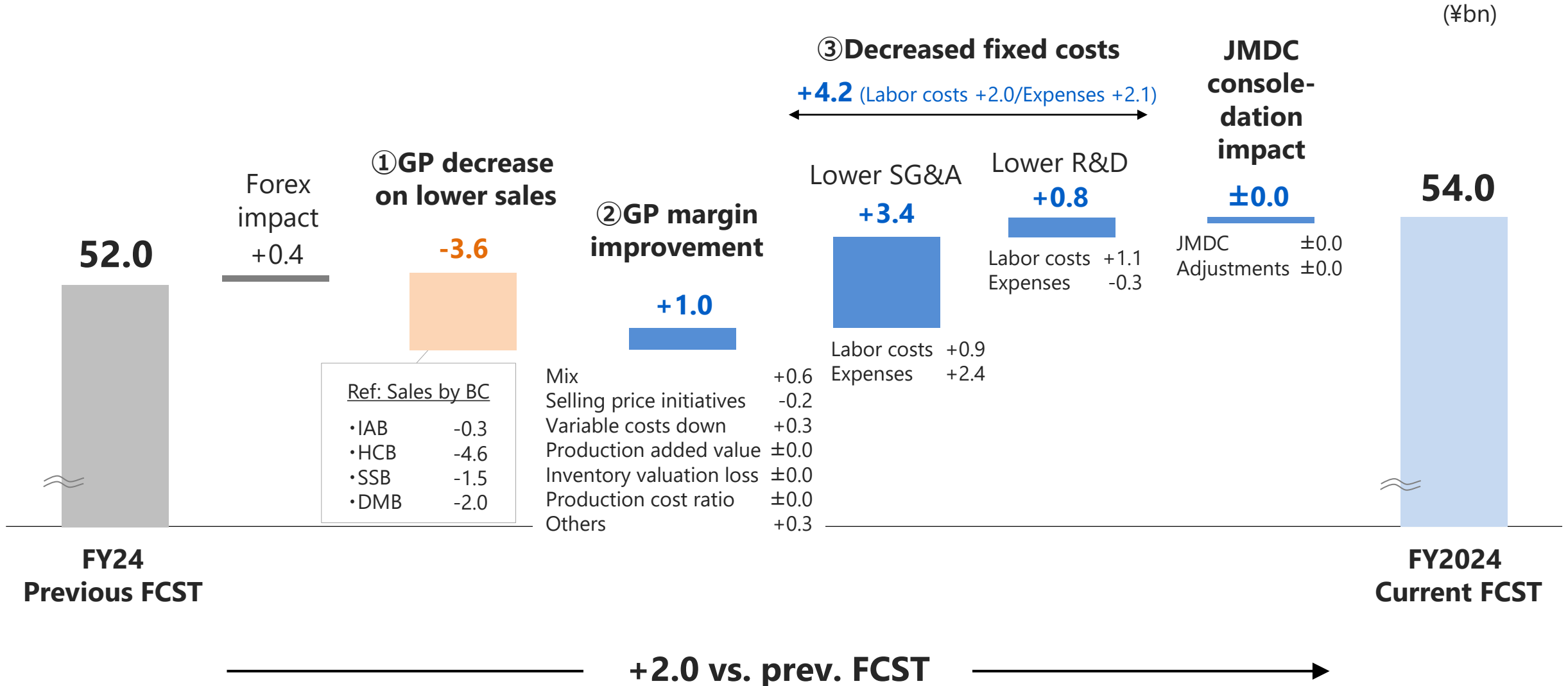
*1. Figures shown in brackets under OP are OPMs.

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Full-year Forecasts: Operating Income Changes (vs. previous forecast)

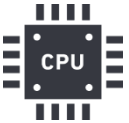




Expect an increase in profit from the previous forecast by reviewing the fixed cost plan



IAB: Q4 Operating Environment

Overall, gradual recovery is expected.

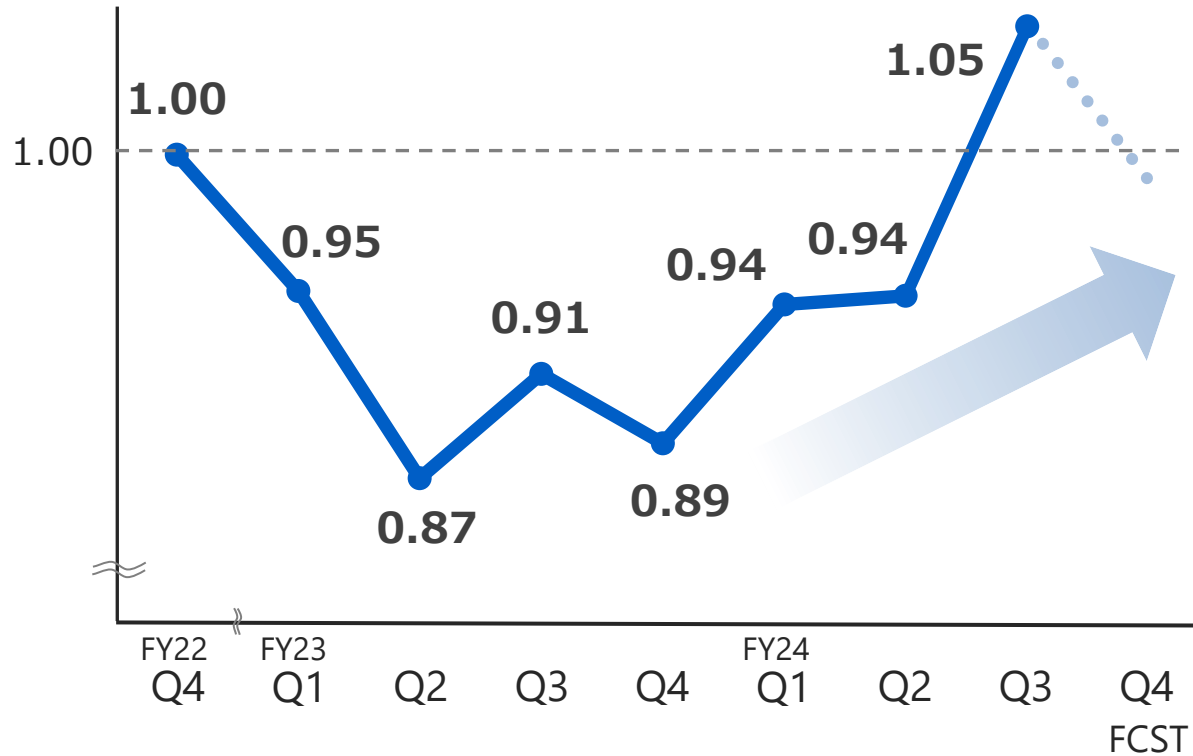
Semiconductors remain strong. EV/secondary batteries remain weaker than previously expected

Domains	Outlook for Q4
 Digital	<ul style="list-style-type: none"> • Semiconductors continue to show a gradual upward trend overall. In Japan and Asia, they remain strong due to continued expansion of AI-related investment • Photovoltaic (PV) systems remain at low levels with no signs of recovery
 NEV	<ul style="list-style-type: none"> • Investment in EVs and parts is slowing more than expected as EV demand continues to slow • Investment demand for secondary batteries is slowing more than expected in Korea due to the sluggish demand for EVs and changes in the global situation
 Food/ Household goods	<ul style="list-style-type: none"> • European market remains sluggish, but global market is expected to recover slowly
 Medicine/L ogistics	<ul style="list-style-type: none"> • Capital investment demand in both medical and logistics domains remains flat
 Others	<ul style="list-style-type: none"> • Investment recovery remains gradual and remains at a low level

IAB: Changes in Orders and Distributor Inventory levels

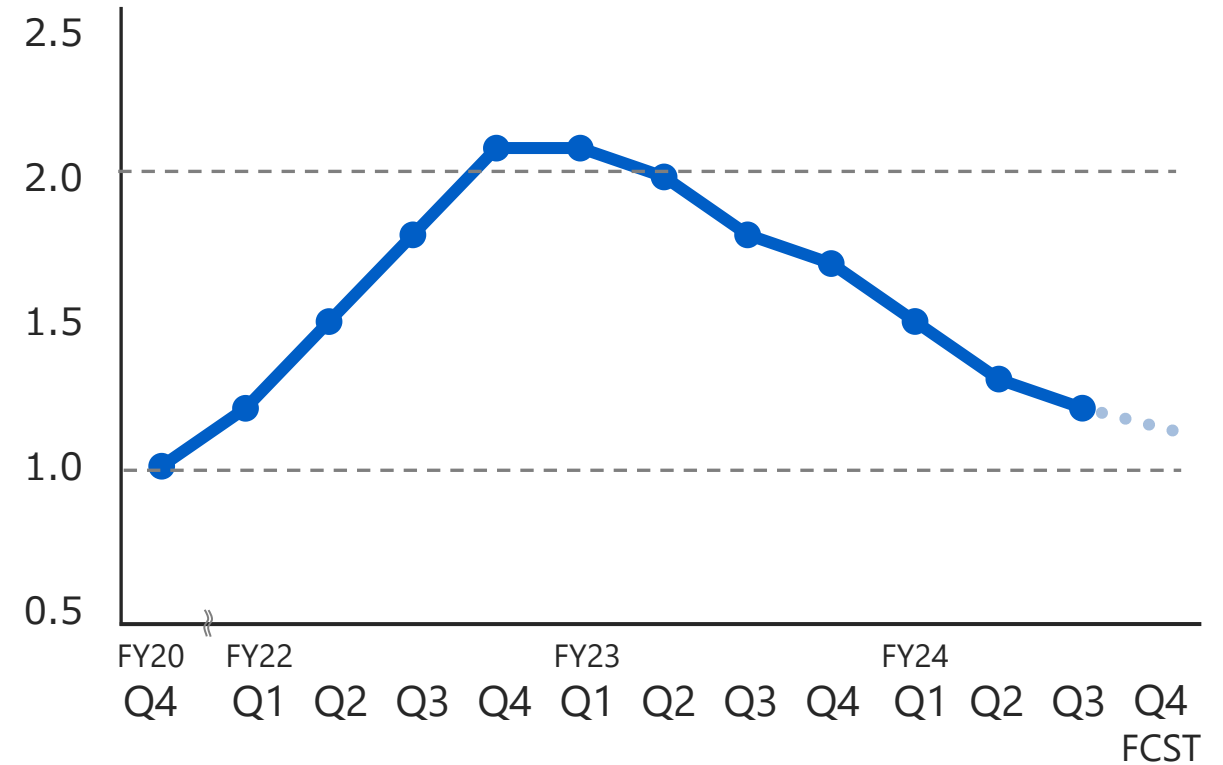
**Q3 order levels improved significantly.
Inventory levels maintained at appropriate levels**

Order levels (Initial FY24 FX FCST rate base)



(Based on FY22 Q4)

Distributors inventory levels (all area avg.)



(Based on FY20 4Q)

IAB: Operating Income Forecast

Profit growth expected to increase through continued improvement in GPM and efficient fixed costs

Causes of change in OP		FY24 forecast	Change* from FY23
Sales decrease	Business environment	• The impact of the previous fiscal year's large order backlog and the sluggish market conditions continues	¥-18.5 bn
	Distributors Inventory	• Despite delays in some areas, overall normalization was completed in H1	
GPM improvements	Product/area mix	• Improvements by increasing the composition ratio of high value-added products	¥+17.4 bn
	Production value added	• Production utilization rate improved from the previous year's level	
	Inventory provision	• Inventory management continued. Inventory valuation losses reduced	
	Production fixed costs	• Decreased by optimizing the headcount	
	Others	• Effects of selling price optimization in FY2023 continued	
Fixed costs	SG&A, R&D	• Labor costs and other expenses reduced by improving fixed cost efficiency. Selective investments for growth continued	¥+16.0 bn

*Excluding Forex Impact
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Shareholder Returns

**DPS guidance for fiscal year-end of ¥52 reiterated.
Initial full-year dividend guidance of ¥104 maintained**

FY-end (Forecast)

¥52

Full-year (Forecast)

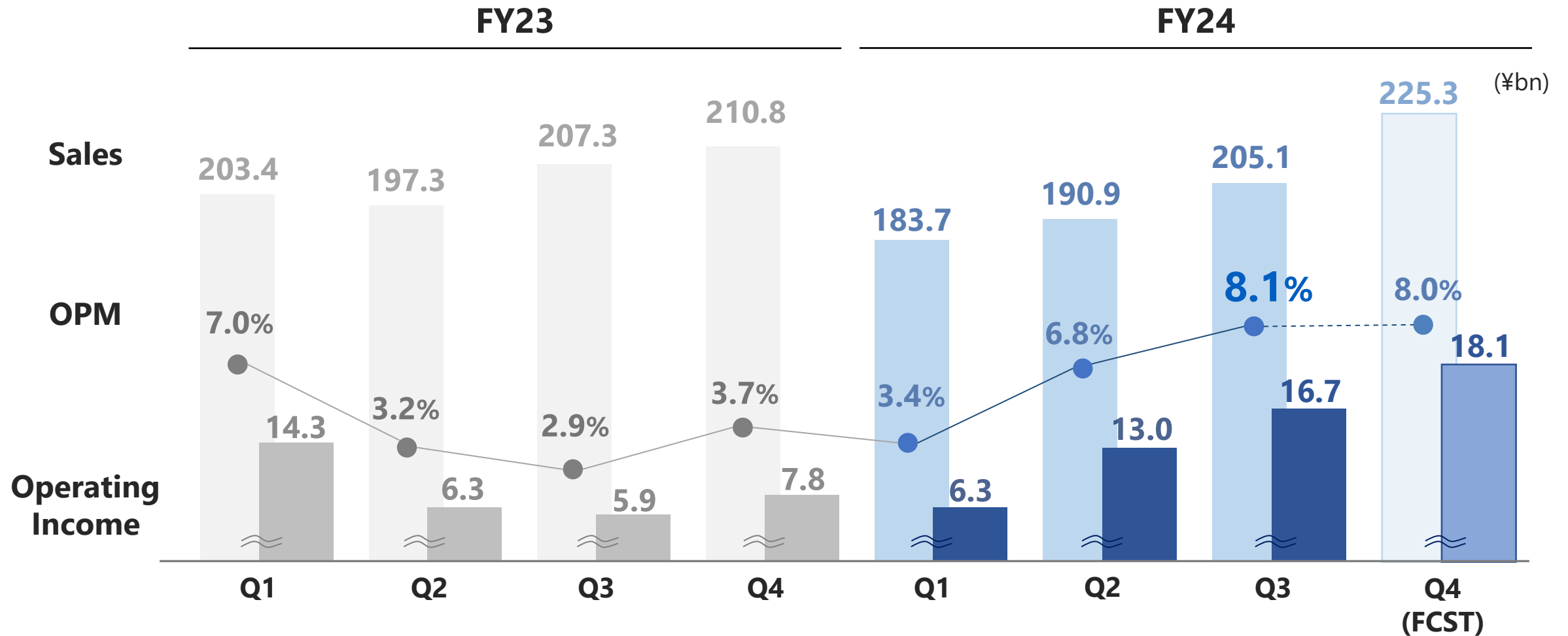
¥104

3. CFO Message

Consolidate Results by Quarter

Both sales and operating income are on a recovery track.

Improvement in GPM and efficiency improvements in fixed costs are helping to strengthen the profit structure



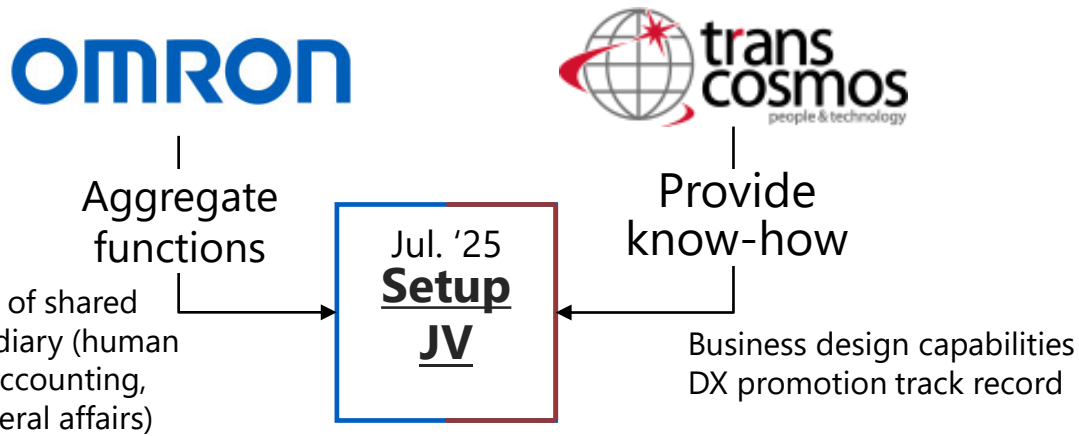
Strengthening Revenue Base: Optimizing Head Office Functions

Reorganize HQ functions globally to shift to a leaner cost structure and increase the speed of business operations

Japan

Pursue greater efficiency in shared operations

- Standardization of business processes and automation through the use of IT
- Cost reduction in indirect operations at the OMRON Group



OMRON TRANSCOSMOS Process Innovation, Corp.*

Overseas

Dissolve area HQs*

- Reduction of indirect department costs by eliminating duplicate functions
- Improvement of business speed by optimizing organizational and operational processes



* Excluding China

*Company name may change upon incorporation

DJSI World

Dow Jones
Sustainability World Index

Selected for
8 consecutive years

EcoVadis

Sustainability Rating



OMRON

Reference

Consolidated Balance Sheet

(¥bn)

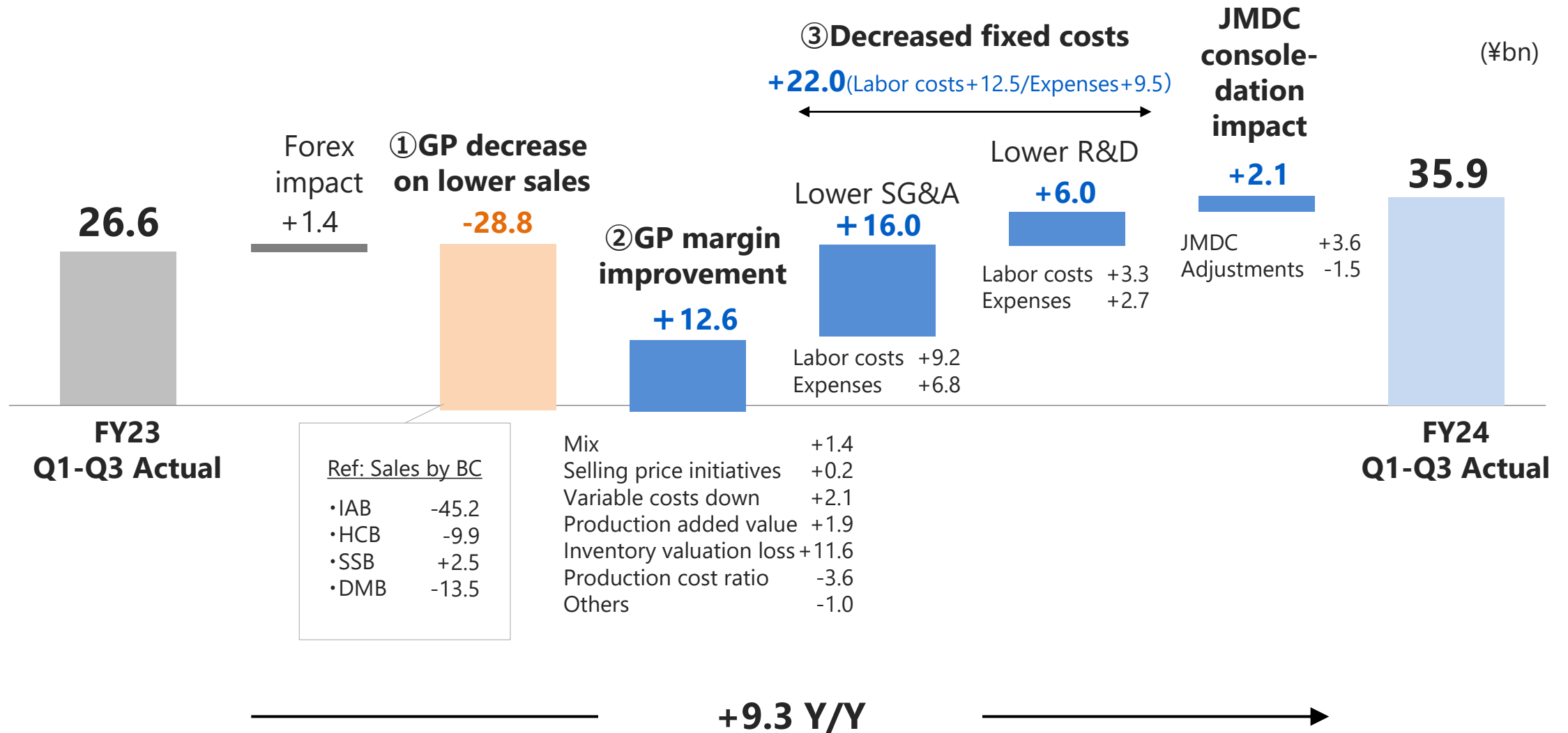
	End-March 2024	End-Dec. 2024	Chg, vs. End-FY2023
Current assets	547.6	542.2	-5.4
(Cash and cash equivalents)	(143.1)	(136.9)	(-6.2)
(Inventory)	(174.0)	(194.5)	(+20.5)
Property, plant and equipment	136.8	136.2	-0.6
Investments and other assets	670.3	694.8	+24.5
Total assets	1,354.7	1,373.2	+18.5
Current liabilities	231.2	234.1	+2.9
Long-term liabilities	172.5	174.9	+2.4
Total Liabilities	403.7	409.0	+5.3
Shareholders' equity	786.7	798.5	+11.8
Noncontrolling interests	164.3	165.7	+1.4
Total net assets	951.0	964.2	+13.2
Total Liabilities and net assets	1,354.7	1,373.2	+18.5
Equity ratio	58.1%	58.1%	+0.1%pt

Consolidated Cash Flow Statement

(¥bn)

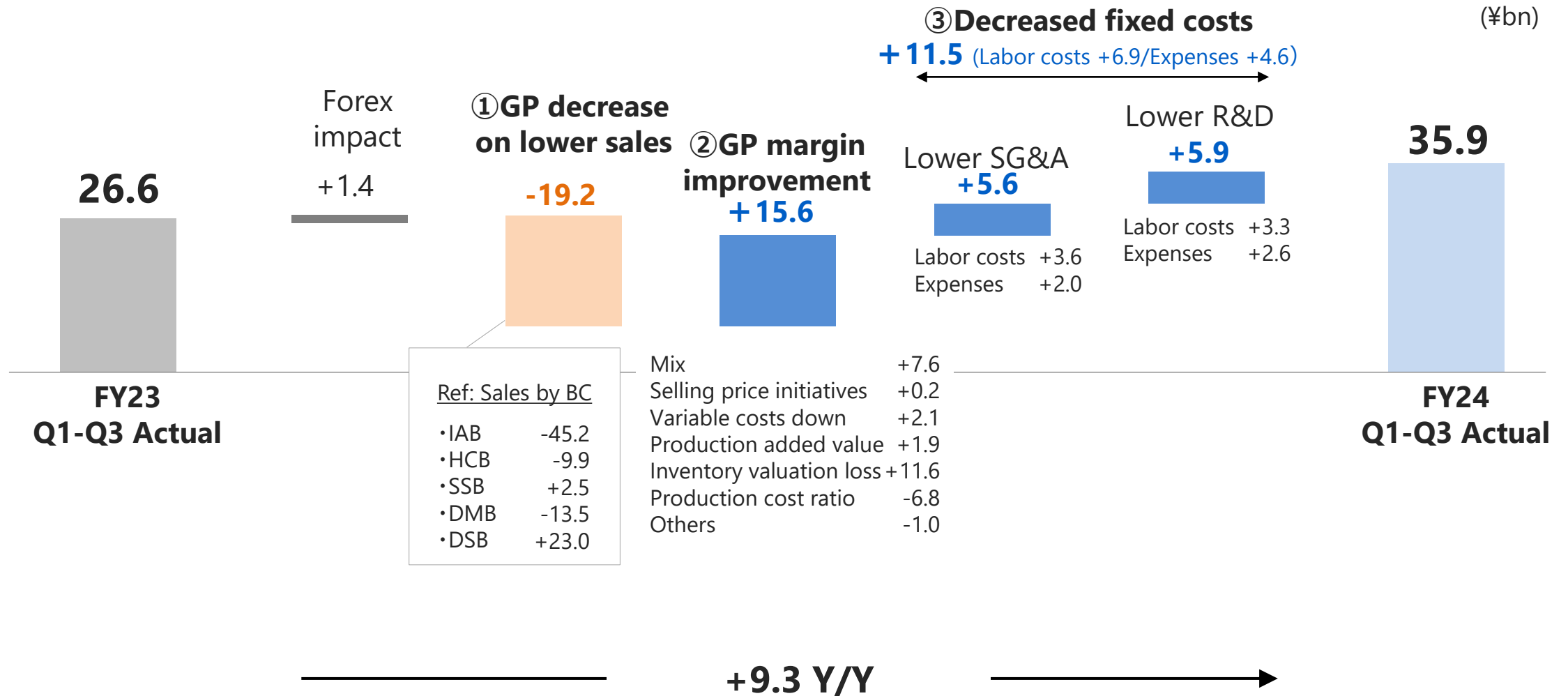
	FY2023 Q1-Q3 Act.	FY2024 Q1-Q3 Act.	Y/Y
Operating cash flow	31.9	32.9	+1.0
Investment cash flow	-79.1	-43.2	+35.9
Free cash flow (FCF)	-47.2	-10.3	+36.9
Financing cash flow	66.8	-2.2	-69.0
Cash and cash equivalents as of end of period	129.3	136.9	+7.6
Capital expenditure	29.0	31.0	+2.0
Depreciation	22.3	25.0	+2.7

Q3 Cumulative Results: Operating Income Changes (Y/Y)

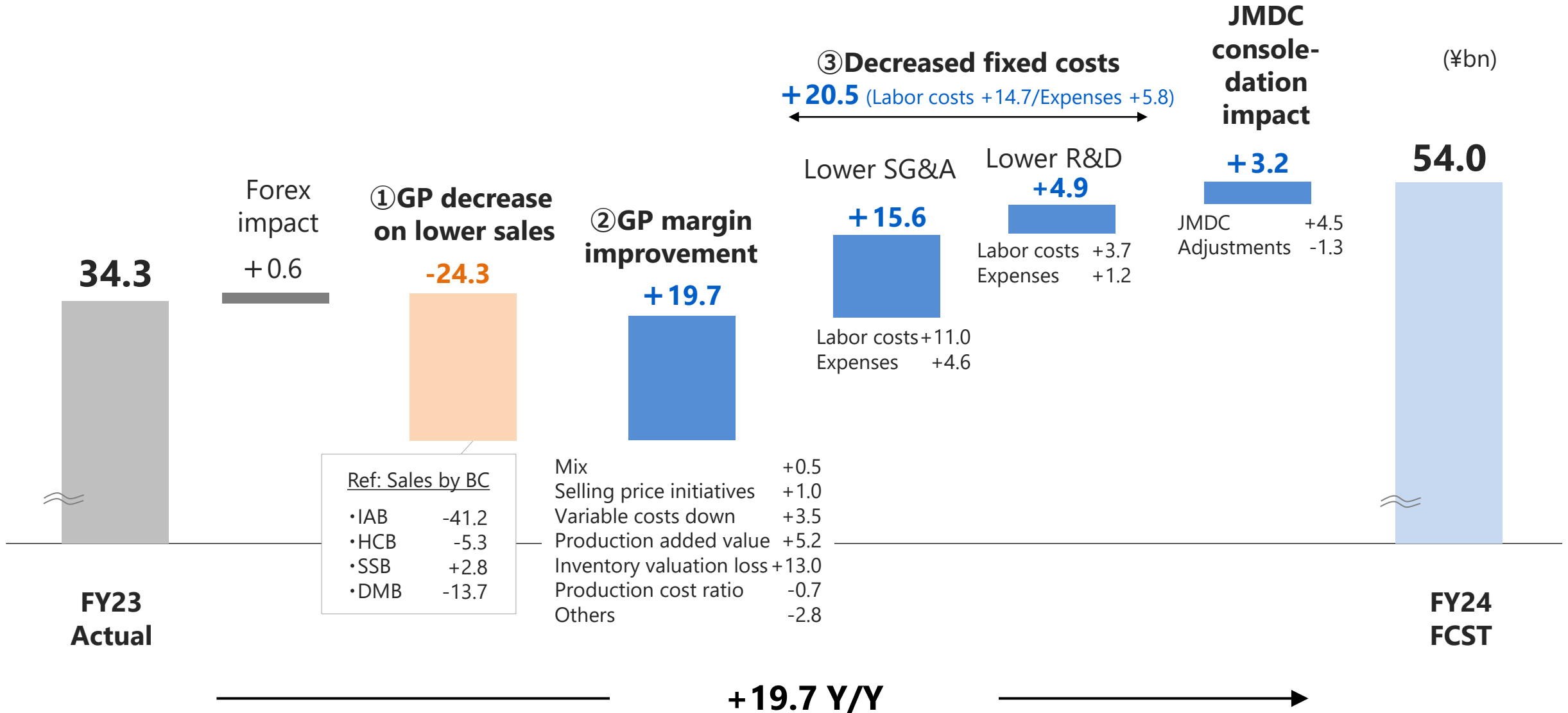


Q3 Cumulative Results: Operating Income Changes (Y/Y)

***JMDC consolidated impact included**



Full-year Forecasts: Operating Income Changes (Y/Y)



Fixed Cost Changes (Y/Y) *SG&A and R&D Only

		Fixed Costs Changes (Y/Y)* (¥bn)		
Theme	Factors	Initial Plan	Previous FCST	Current FCST
Fixed cost efficiency through "Structural Reform Program"	Reduce workforce globally	-22.0	-21.8	-22.2
	Increase fixed cost productivity			
Growth investment	Enhance competitiveness in growth business	+6.0	+3.6	+4.2
	Build/deploy New ERP systems			
Other	Increase in unit costs due to inflation, etc. (Labor costs)	+12.0	+5.0	+3.4
	Other factors (Expenses)			
Fixed cost total		-4.0	-16.1	-20.5

*Excluding JMDC and Forex Impact

Overview of OMRON TRANSCOSMOS Process Innovation, Corp.

Company Name:	OMRON TRANSCOSMOS Process Innovation, Corp. *
Location:	Kyoto City, Kyoto Prefecture, Japan
Establishment Date:	July 1, 2025 (Planned)
Initial Capital:	180 million yen (Capital ¥90m, Capital Reserve ¥90m)
Shareholders:	OMRON Corporation 51%, transcosmos inc. 49%
Business Description:	Entrusted with OMRON Group's HR, accounting and finance, and general affairs operations

*Company name may change upon incorporation

FY2024 Forex Sensitivities and Assumptions

Impact of 1 yen move (full year)
CNY impact of 0.1 yen move

	Sensitivities		Assumptions
	Sales	OP	FY2024 Q4 Assumptions
USD	Approx. ¥1.3 bn	Approx. ¥-0.1 bn	¥155.0
EUR	Approx. ¥0.8 bn	Approx. ¥0.3 bn	¥160.0
CNY	Approx. ¥0.7 bn	Approx. ¥0.1 bn	¥21.0

* If emerging market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities

ROIC Definition

$$\text{ROIC} = \frac{\text{Net income attributable to OMRON shareholders}}{\text{Invested capital}}$$

*Invested capital = Borrowings + Shareholders' equity

Invested capital: The average of previous fiscal year-end result and quarterly results (or forecasts) of current fiscal year

Notes

- 1.The consolidated statements of OMRON Corporation (the Company) are prepared in accordance with U.S. GAAP.
- 2.Projected results are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks and uncertain factors could cause actual results to differ materially from these projections.

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